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# The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. —James Monroe

VOLUME II, NUMBER 18

WASHINGTON, D. C.

JANUARY 18, 1933

## Japan Pushes Drive Farther Into China

Captures and Holds Shantaiwan, Strategic City Between China Proper and Manchukuo

JEHOL SAID TO BE NEW GOAL

Loss of Province Would Raise Question of New Status of Mongol People

The world's attention has again turned to the Far East where an extremely dangerous situation has arisen. The Japanese and Chinese have reopened military operations against each other, and it is feared that, just as a year ago, they may continue their hostilities for several weeks or months. The present conflict has centered upon the town of Shantaiwan, gateway between Manchuria and China proper. For two days, starting January 2, the Japanese attacked the city with land, sea and air forces and finally succeeded in routing the Chinese forces under control of Marshal Chang Hsueh-liang, former war lord of Manchuria. The battle for possession of this strategic town was one of the bloodiest in the undeclared Sino-Japanese war which has kept the world in a state of uneasiness during the last sixteen months.

### Shantaiwan Incident

In this latest fray, each side is accusing the other of responsibility. The Japanese claim that they had to bombard the city in order to protect themselves after Chinese had thrown bombs into their military headquarters. They say that the Chinese had worked out a careful plot to provoke the attack in order to increase world opposition to Japanese activities. Especially true is this, they say, because the League of Nations' special committee is preparing to act on the Lytton report and the Chinese are anxious to prejudice them against Japan. Marshal Chang, however, gives a different version of the story. He asserts that Japanese agents themselves threw the bomb in order to transfer suspicion to the Chinese and to have an excuse for resuming their fighting.

These accusations and counter-accusations are but a repetition of what has been going on in the Far East since the beginning of the dispute. Each side has denied responsibility and accused the other with having provoked the fighting. Just as the Japanese accused the Chinese with having blown up a section of the South Manchurian Railway near Mukden on the night of September 18, 1931—the incident which led to the outbreak of hostilities between the two powers—and the Chinese declared that it was the Japanese themselves who did it, both countries are now denying responsibility for the first step. In the recent Shantaiwan incident, as in the Mukden affair, it is probably nearer the truth to say, with George E. Sokolsky, well-known authority on Far Eastern affairs, that "no war starts on the day the first shots are fired." Incidents such as these are more often the result of conflicting interests which have been threatening peaceful relations for a long time. A minor excuse is seized upon by either side to start the conflagration.

As a matter of fact, it had been expected for some time by those close to the situation

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CALVIN COOLIDGE

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## Calvin Coolidge

Few men in American public life have enjoyed the respect of their fellow countrymen in greater measure than did Calvin Coolidge. The nation did not always heed his counsel, for he preached economy in a day of extravagance. He practiced the art of simple and unostentatious living in a period when, as seldom before, the people looked upon luxurious satisfactions as the goal of life. But though he may not have been accepted as a pattern he was admired for the sterling qualities of his character. He was unflinchingly honest at a time when recent wanderings in high places from the straight and narrow road made simple honesty seem a virtue not to be despised. And not only was Calvin Coolidge respected; he became, despite his apparently unemotional disposition, the recipient of the nation's affections, largely because, in his personal life, the people saw a reflection of their own ideals. When we turn to his public career we enter the realms of controversy. It is too early as yet to speak with assurance as to the rank which will be assigned to him as a statesman. Opinion was divided as to the value of his contributions while he lived and the conflict of judgment will continue until, in the fullness of time, we can look back and see the consequences of his acts and his omissions. He served at a time when two conflicting philosophies of government strove for the mastery. The conservatives were, on the whole, satisfied with the way things were going. They thought that our industrial progress was satisfactory, that our economic system was operating so as to furnish as great a measure of prosperity as could be expected, and that the government should avoid interference. The progressives thought that our economic system was out of gear, that its operation resulted in instability, in unnecessary poverty and injustice and that the government should interfere so as to bring about a larger measure of social control and direction. Calvin Coolidge belonged to the conservative school, and ultimately he must, as a statesman, stand or fall with that philosophy. If it turns out that the conservatives were right, he was the man of the hour. If they were wrong, he will be adjudged to have been, along with the great majority, a shortsighted and confused fumbler in a day of opportunity. But whatever the verdict of history may be as to his stature as a statesman, there is no doubt as to his high standing as an individual American citizen.

## Congress Discusses Farm Relief Project

Domestic Allotment Plan Seeks to Place Agriculture on Equal Footing with Industry

### TAX ON CONSUMER IS PROPOSED

Money Would Be Given as "Benefits" to Farmers Who Cut Down Production

Farm relief has become one of the great issues before Congress and the nation. A drastic and far-reaching measure for the restriction of the output of American farms and the increase in the price of products has been acted upon favorably by the Agriculture Committee of the House of Representatives. It is commonly called the "Domestic Allotment" or "Parity" bill. It has been introduced into the House by the chairman of that committee, Representative Marvin Jones of Texas, and it has been actively debated. This particular bill represents such a departure from the usual methods of handling the agricultural problem than an explanation, first, of the conditions which have given rise to a demand for a remedy, and second, of the proposed remedy itself, should be given.

### Farm Price Decline

The majority of the Committee on Agriculture, in reporting the Jones bill to the House of Representatives, cited specific figures to show how greatly farm products have declined in price since before the war, and how much out of line farm prices are with the prices of other commodities. According to these figures, the "prices of all farm products average today about half what they were before the World War." Wheat is 65 per cent lower, tobacco 19 per cent lower, and hogs are 59 per cent lower. At the same time, the taxes on farm lands have increased 150 per cent since the pre-war period. The farm indebtedness, in terms of dollars, has increased 150 per cent. Agricultural freight rates are 50 per cent more than they were, and "the price of industrial articles bought by the farmer has increased as much as 58 per cent during the post-war period, and even during the present year ranged from 106 to 117½ per cent of pre-war prices."

This report shows, therefore, that the money which the farmer gets for his bushel of wheat or corn, for his pound of cotton, for his drove of hogs, will buy only about half as much of the goods the farmer must use as it bought before the war. Now the farmer is not insisting that his prices should remain what they were if other prices fall, too. In that case he would be receiving less gold than he formerly did, but he could still buy as much in the way of supplies. What he objects to is that his prices should have fallen so much more than other prices did.

### Fall in Exports

It is the purpose of the Jones bill to restore the balance between farm prices and other prices. The idea is that prices should be so arranged that when the farmer sells his goods, he may be able to buy as much machinery or clothing or other articles, as he used to buy, even though he may not have so many dollars.

The majority of the Agricultural Com-

mittee, in their report, which report amounts to their argument for the Jones bill, go on then to explain why it is that farm prices have fallen so heavily. The reason is that the farmers have, year after year, produced a great deal more than they could sell to the inhabitants of the United States. Regularly they have "planted to crops over 60,000,000 acres in excess of our own needs." This surplus above the amount of goods which could be sold in the United States has been exported, principally to Europe. This plan worked out very well so long as there was a demand in Europe for American wheat and cotton and tobacco and pork, and other products.

But recently the foreign demand has fallen off. There are several explanations for this fall in our export trade. One is that the European nations have stimulated agricultural production, and they have protected their own farmers by raising a tariff wall against American products, just as the United States has protected its manufacturers by a tariff wall against foreign manufactured goods. In fact, the whole world has been engaged in a tariff war for a number of years. Several European countries have tariffs of more than a dollar a bushel against wheat, and this prevents their people from buying American wheat. This, together with other reasons, has greatly lessened the foreign demand for our farm products and so we have on hand every year a surplus which cannot be sold. And when there is an unsold surplus of any kind of goods on the market, the price of that commodity is certain to fall.

It is natural, then, that a bill designed to help the price of farm products should take account of this export situation, and that is what the Jones bill does. In the first place, this bill undertakes to raise the prices of farm products so that they will be as high, relatively, as other products are. It undertakes to create a situation under which farm prices may not stand at a lower figure than do the prices of manufactured goods. And one way this is to be accomplished is to cut down the production of American farms so that nearly all our agricultural products can be sold to the people of the United States. It is intended that the size of the surplus for export shall be reduced. It is not proposed to render our farmers entirely independent of the foreign market. But it is intended that they shall become less dependent than they are now.

#### Cutting Production

But how is the production of the American farms to be cut down? That is always a hard question. A farmer, hard pressed as he is to get hold of enough



THE FARM AS A HOME AND FARMING AS A WAY OF LIFE ARE MENACED BY RECENT ECONOMIC DEVELOPMENTS.  
© Ewing Galloway  
Congress is now wrestling with programs designed to relieve agriculture.

money to pay his taxes and buy clothing and fuel and other necessities for his family, is likely to plant as many acres as he can in order to have just as much to sell as he can possibly produce. When all the farmers do this, there is produced, of course, a great surplus above the home demand. The Jones bill provides a novel means by which it is hoped the production on the farms will be cut down. It offers to give benefits in the form of a bonus, or bounty, to farmers who will agree to cut their production of wheat, cotton, tobacco or hogs by 20 per cent and to those who agree that if they cut their acreage of wheat, cotton, or tobacco by 20 per cent, they will not plant the remaining 20 per cent to any crop which might be substituted for the ones whose production is reduced. This bounty, or bonus, is to be just large enough so that, when taken in addition to the regular market prices, it will give the farmer a price which will bear the same relation to other commodity prices as farm products bore before the war. In order to see how this Jones bill would work if put into effect, let us imagine it to be in operation, and let us see what its consequences would be in the case of a farmer who is selling his crop of wheat.

Farmer Brown, we will say, is a Kansas wheat grower. In accordance with the provisions of the law, he has agreed to limit his acreage of wheat to 80 per cent of what he has been raising. He goes to town with his wheat. He takes it to Mr. Smith, a wheat buyer. He finds that the market price of wheat is 30 cents a bushel. That is what Mr. Smith pays him. That would be the end of the matter under our present system. It is also the end of the matter for Farmer Green, one of Brown's neighbors who did not make an agreement to reduce his acreage. But it is not the end of the matter with Farmer Brown. He goes now to a local agent of the Department of Agriculture. He asks the agent to explain to him just how the new law will work in his case and what it will do for him. The agent makes this explanation to Farmer Brown:

"Well, Mr. Brown, we all know that your wheat has fallen in value more than other things. Something must be added to that thirty cents which you have just received in order to make your bushel of wheat exchange for as much machinery or harness or clothing or other goods as it did before the war. Just how much must be added to the market price is a matter of dispute. So the new law gives the secretary of agriculture power to decide that question. This year the secretary has decided that you should receive 83 cents, in order that your prices may be as high relative to what they were before the war as other prices were. You have already received 30 cents, so I am authorized to give you 53 cents a bushel for your wheat in addition to the 30 cents a bushel you have already received.

"I cannot give you this bonus on each bushel," the agent continues, "but only for as much as can probably be used in this country. Since production has been cut by you and other farmers who are coming in under the terms of this law, most of the wheat which you and other farmers produced can be consumed in this country—probably 80 per cent of it. So we will pay you 53 additional cents on 80 per cent of what you have to sell. You have sold 1,000 bushels, so you will get the bounty on 800 bushels. For your other 200 bushels you must be content with the 30 cents a bushel which Mr. Smith, the grain buyer, gave you. In other words, you will receive \$424 from me, in addition to the \$300 which you have already received from the grain buyer for your 1,000 bushels.

#### Adjustment Certificate

"You will get this money in the form of adjustment certificates issued by the government. You can cash half of these certificates in a month, and the rest of them in six months. It is not to be supposed, though, that the government will bear this cost finally. It places a tax on the buyers of farm products—enough of a tax so as to pay it back for these adjustment certificates which it gives to the farmers. You sold your wheat, for example, to Mr. Smith, the grain buyer. You have sold him 1,000 bushels. Probably he will sell 800 bushels of it for use in this country, and 200 bushels he will sell to people in foreign countries. That may not be true in the case of Mr. Smith, but it will be the average for all the grain buyers of the country. Now whenever Mr. Smith sells any wheat to millers or wholesalers; in other words, when he sells any wheat for use in this country, the government will place a tax on it—a tax high enough to pay the 53 cents a bushel which it is giving to you and other farmers. You receive this

amount per bushel on 800 bushels. When Mr. Smith sells this 800 bushels to a miller here in this country, he must pay the government the \$424 which the government paid you, plus enough to pay the expenses of administering the law.

#### Who Pays?

"You may be wondering," the agent goes on, "how Smith can pay so much to the government. He can pay it because he adds enough to cover the tax to the price of the grain which he sells to the millers. Then they pass it on to the bakers, and the bakers pass it on to the buyers of bread. So, as a result of this law, you are receiving on your crop \$424 which you would not otherwise have had. You are, it is true, cutting your production by 20 per cent, but that other 20 per cent of acreage on your farm can no doubt be put into some crops which the secretary of agriculture will authorize farmers of this region to plant—crops which cannot be substituted for your wheat. So, as I have said, the operation of this law costs the government nothing. It brings a reduction of production, which tends to raise prices and to render us less dependent on foreign buyers. And it gives the benefits to the farmers who 'play the game' by co-operating with the government."

So much for this imaginary explanation by the agent of the Agricultural Department. This statement which we have imagined describes the way the law is supposed to operate. Let us now consider certain objections which are made to the proposed law.

#### Objections

1. It will raise prices to consumers. There is no question about this. If it works at all, the ultimate consumers will pay the bill. The added costs, however, will not be as much as might be supposed. Wheat, for example, does not figure largely in the price of bread. It is estimated that the operation of this law would not increase the price of bread more than one cent on a one pound loaf. It might not increase it that much. Wheat was more than twice as high in 1913 as it is now and bread prices were about the same. It is said that a cotton shirt which sells for a dollar might have two cents added under the operation of this law. Even though the increase to the consumers is slight, however, it is in its effects a sort of sales tax. In reply to this argument it may be said that the protection of an industry by adding to the costs to consumers is the same principle which stands behind every tariff law. The tariff protects the manufacturer by allowing him to charge a

(Concluded on page 3, column 3)



READY FOR THE NEXT TRANSFUSION

—Carlisle in Washington STAR

# Turkey Buries Its Past and Builds for the Future

## Nation Is Becoming Modernized Under the Progressive Leadership of Kemal Pasha

Turkey, once the land of the Arabian Nights and the "terrible Turk" of legend is rapidly becoming a modern country, a link between Europe and Asia, with a people more interested in farming and business than in any wars against neighboring countries. Constantinople, as far away from Paris and London as San Francisco is from Washington, is nevertheless coming closer every day to the western world. Passenger airplanes land daily at the modern airport, from Rome, Berlin, or London, and the Orient Express, the crack transcontinental express train of Europe, daily brings its load of western visitors to the new Turkish Republic.

Approaching Constantinople, or Istanbul, as it is now called, by boat, one still sees the same fairyland skyline of sparkling white domes and tall, slender spires or minarets, that has characterized for centuries the beautiful, ancient city on the blue waters of the Bosphorus.

But under this unchanged outward appearance, a new Turkey is taking shape. On the streets of Pera, the business section of the city, that lies within the curve of the Golden Horn, men and women in ordinary western dress hurry about their daily affairs, looking surprisingly like the crowds one sees in any western European capital, except for occasional Tartars, Kurds or other visitors from Asia. The red fezzes the Turkish men once wore are abolished by law, and the dark-eyed women have substituted Paris dresses for the black veils that used to shroud them from head to foot.

But Constantinople, or Istanbul, once the heart of the Byzantine Empire, key to the Black Sea and Russia's trade outlet to the world, is no longer the heart of Turkey. Its latticed palaces are falling into disrepair and its embassies and great business houses must all have their real headquarters in Angora, the new capital of the country.

At Angora, six hours away from Constantinople by railway, in the interior of Anatolia, or Asia Minor, one finds the real Turkey, a land of serious, hospitable farm people, whose creaking, wooden wagon wheels echo across the rolling grain fields and gray olive orchards of their land to its distant mountains.

Since Kemal Pasha, the sturdy, gray-eyed, blond leader of the new Turkey, turned the Empire of the Sultans into a Republic in 1924, he has been rebuilding his country on a basis of Turkey for the Turks. A dictator with as much power as Mussolini in Italy, he has made changes

almost as great as those of the Five Year Plan in Soviet Russia. Today Turkey might be called a nation at school. The same alphabet that we use in America has been introduced instead of the strange Arabic writing that went up the pages in columns, reading from right to left, in the old Turkish manuscripts. Newspapers in the modern alphabet have begun to appear, and thousands of men and women, farmers and shopkeepers, all over the country, are going to schools for grown-ups, learning to read and write. They want to make over their country and build it up to a position of equality with the nations of Europe, so they are beginning at the beginning in learning to be modern citizens of a modern state.

Gradually Turks have taken over the direction of the great fig-growing and olive-raising farms that have made Smyrna figs and dates and olive oil famous all over the world. These used to be raised mostly by Greeks, with Turks as laborers and farm hands. Everywhere now, Turkish farmers are copying the new ideas in wheat and barley growing and dairy farming that Kemal Pasha, or the "Ghazi," as they call their president, invites everyone to see at his own model farm outside Angora. Turkish towns also, with their low wooden houses and cool, latticed porches, have begun to take on a modern, western air. Street cars have begun to run on a few paved streets, contrasting with the slow ox-carts that still move down side roads of hard, sun-baked mud.

To the Turkish peasant, in his baggy, knee-length trousers and wide sash, into which he tucks his pocket-book when he goes to market, Americans are no longer strangers. There are several American schools in Turkey for Turkish boys and girls, and American engineers have helped to build the new railroads that now cross the country from one end to the other. Americans also helped to settle the thousands of Turkish farmers who returned to their homeland from Greece during the popu-

lation changes arranged by the League of Nations after the Greco-Turkish war in 1923. American tobacco companies, also, buy much of the tobacco that is Turkey's largest crop.

In the country districts, that are the real Turkey, the women still wear dark-colored, soft cloth trousers in the old-fashioned way, instead of modern European dress. But their trousers are so long and loose that they look like skirts except that they are caught in around their ankles. Like the city women, these country women also go unveiled now, because veils are against the law of the Republic, but instead of hats they wear on their heads large square handkerchiefs, gaily painted with flowers and dipped into salt water to fix the colors.

## FARM ALLOTMENT PLAN

*(Concluded from page 2)*  
higher price to consumers than they would have to pay if they were free to buy foreign goods. This law gives the farmer a similar price advantage by charging the cost to consumers in the same way.

2. The law operates only in the case of wheat, cotton, tobacco and hogs. Might other products not be substituted for wheat and cotton goods, if their prices were raised, and might not beef, lamb and other meat products be substituted for pork?

3. It is said that the grain buyers and other processors might be unable to pass the costs imposed upon them on to consumers. In that case they would be thrown out of business and the produce markets would be disorganized. Farmers would then be thrown back to the situation which prevailed years ago when they could sell hogs or wheat only when persons who cared to use them could be found.

4. The administrative machinery would be cumbersome, it is charged. It would take a whole army of government agents and enforcement officers and spies to see that the farmers plant no more than they should plant and that the fees were collected from the processors. Around these points the debate is proceeding.

## THOUGHTS AND SMILES

Our chief trouble is that each citizen knows how to control mankind and wishes he knew how to control his three kids.

—*Schenectady GAZETTE*

It ought to be possible to clothe even the deepest thoughts in simple language.

—*Alfred E. Smith*

A scientist declares that we can get along on far less food than we have been eating. Most of us had already found that out.

—*New York HERALD-TRIBUNE*

Charm is like ignorance. The more perfect it is, the less you realize that you have it.

—*Atlanta CONSTITUTION*

An organization of nature-lovers is asking Congress to pick a national tree. Without wishing to prejudge the thing, we'd say off-hand that the plum appeals most strongly to the chosen representatives of the people.

—*Boston HERALD*

All profound affection admits of sacrifice.

—*Vauvenargues*

The most sanguine statesman cannot escape the solemn reflection that the legislative high flyer of next March may be the lame duck of the future.

—*Washington STAR*

We'll soon attain that ideal and equal division of labor—one half imposing taxes and the other half paying them.

—*Schenectady GAZETTE*

The more honesty a man has the less he affects the air of a saint.

—*Lavater*

Two-pants suits just increase the difficulty of remembering where that key is.

—*Ashland DAILY INDEPENDENT*

Radio stars earn their living that way. But listening in is a person's own fault.

—*New York HERALD-TRIBUNE*

A fellow wants to know how to make a chimney draw. All we can say from personal experience is that profanity won't do it.

—*Nashville BANNER*

Now there's a new machine that feels your head and tells how much brains you have, but you can sit under a steering wheel and get the same results.—*Ashland DAILY INDEPENDENT*

**PRONUNCIATIONS:** Chang Hsueh-liang (chang—a as in sang; shoo'lee-ang—a as in sang), Shanhakwan (shahn'hi-kwahn'—i as in time), Peiping (pay-ee-ping'), Mukden (mook-den'), Changchun (chahng'choon), Pu Yi (poo ee), Tientsin (tee-en'tseen).



GALATA BRIDGE—MAIN THOROUGHFARE AND BUSIEST STREET IN CONSTANTINOPLE



ALL TURKEY GOES TO SCHOOL

Under the modernization program of Kemal Pasha, public schools are open to young and old and the new Latin alphabet is taught in place of the old Arabic.

# The AMERICAN OBSERVER



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## The Story of the Week

THE widespread discussion of the ideas which pass under the name of technocracy, coupled with the publication of the report by the Committee on Recent Social Changes, has raised quite sharply the issue as to whether our economic and social systems are working satisfactorily. Doubts have arisen in the public mind as to whether all is going well. The very fact that the doubts have arisen in millions of minds and that it is becoming a popular thing to air doubtful views is disquieting to conservatives—to those who feel that things have been going satisfactorily. Our industrial leaders, who in the main have fared very well, are, with a few exceptions, conservatives, and they are greatly disturbed by the questioning spirit which has taken hold of so many of the American people. These industrial leaders find themselves in the unusual position of being on the defensive—of needing to argue their case.

A number of prominent national leaders of industry have given expression to their views, and these views have been made public. Mr. Alfred P. Sloan, president of the General Motors Corporation, has published statements from about 150 of these prominent business men. These opinions were sent to him in response to telegrams which he had sent out. They constitute a defense of our social and economic order as it has been conducted. The technocrats, it will be remembered, declare that the rapid introduction of machinery is throwing workers out of jobs and that unless definite plans are made to assure that the people are given increased purchasing power as rapidly as the increase in the production of goods proceeds, a great catastrophe will occur. The President's Committee on Recent Social Changes pointed to many weaknesses and faults which are developing in our family life, our general social and economic life, and our political experience, and asserted the conviction that these faults and injustices need to be taken into account. The business leaders do not examine the evidence upon which such conclusions are based. They do not argue their case. They merely reassert their faith that things are going well and that the increased use of machin-

ery will result in greater prosperity. In the past, business leaders have not needed to argue. It has been generally assumed that if a man has made a great deal of money he must necessarily have wisdom and his words must be heeded, even though they are not backed by careful reasoning. Whether this old, unreasoning confidence in the wisdom of business leaders has survived the shock of recent months, remains to be seen.



A RESOLUTION providing for the repeal of the eighteenth amendment was reported favorably by the Senate Judiciary Committee, and this resolution was given a place on the Senate calendar so that it will come up for discussion as soon as the Glass Banking bill has been disposed of. This proposed amendment is a compromise measure. It does not simply repeal the eighteenth amendment and let the matter go at that, thus taking prohibition out of the federal Constitution and leaving it to the states. It does, indeed, provide for a repeal of the prohibition amendment, but it adds a section declaring that "the transportation or importation into any state, territory, or possession of the United States, for delivery or use therein, of intoxicating liquors in violation of the laws thereof is hereby prohibited." It thus gives to Congress definitely the power to prevent the importation of liquor into a state which chooses to have prohibition.

There is another section which declares that "Congress shall have concurrent power to regulate or prohibit the sale of intoxicating liquors to be drunk on the premises where sold." This section gives Congress the power to outlaw saloons. It thus follows the idea advanced in the Republican platform and rejects the position taken in the Democratic platform; namely, that the eighteenth amendment should be repealed outright, leaving the whole question of the regulation of the liquor traffic to the states. Another section provides that the proposed amendment shall be submitted to state legislatures, rather than to state conventions.

Because of these qualifications to the repeal amendment, the advanced wets are opposed to it. Democratic leaders in the House of Representatives declare that if it passes the Senate and goes to the House, they will oppose it, since it does not give effect to the pledges which their party has made. A sharp issue has therefore arisen as to whether, if we have prohibition repeal, it will be outright repeal or a compromise measure which will leave a large measure of prohibitory powers with Congress.



THE wage-cutting question has reached an acute stage in the United States Senate. At the last session of Congress a cut of  $8\frac{1}{3}$  per cent was made in the salaries of certain classes of federal employees, and at the same time they were denied the privilege of vacations with pay. Now, it is proposed that the wage cut

be increased to 10 per cent. This would, of course, impose a further loss upon government employees, but the proposed law would give them their vacations with pay again.

The change is advocated on the grounds of economy, and it is supported by many good friends of labor because it does provide for leave with pay. Organized labor has been trying for a long time to establish the principle that there should be vacations with pay, and many think that the restoring of leave by the government would further that principle. Other senators oppose the measure because of their conviction that further wage reductions at this time would retard economic recovery and that reductions by the government would encourage the practice among private employers.

On the one hand, we have an argument which may be called deflationary. It is to the effect that before business is to get on its feet again, there must be further decreases in the costs of operation—decreases which will bring the costs down in proportion to the decline which has already occurred in the prices of products. On the other hand, we have the argument of those who are opposed to further deflation. It may not be actually inflationist, but at least it stands against further wage cuts on the ground that such action would decrease purchasing power among consumers.

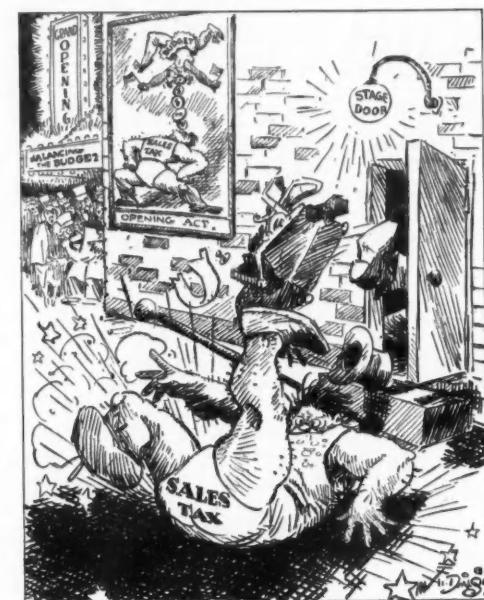


SHALL federal taxes be raised, and if so, by what means? This question is giving serious concern to the congressional leaders. If the budget is to be balanced, and the leaders of both parties have concluded that it should be, the expenses of government must be cut very drastically, or else more money must be raised in taxes, or we must have a policy which involves both economy and increased taxes. But the exact measures by which such policies are to be carried out have not been agreed upon in Congress and the question will probably be left over to the special session of Congress which Mr. Roosevelt will unquestionably call shortly after he assumes the presidency.

Democratic leaders met early this month with President-elect Roosevelt in New York and discussed the tax program which their party should adopt. The conclusions, if any, reached by these leaders are shrouded in mystery. It was reported at first that an increase was to be recommended in the income taxes. A cry of protest was heard at once in Congress, and then it was announced that the income tax increase would not be pushed. It was definitely said that Mr. Roosevelt opposed the sales tax and that it would be eliminated, but the matter of the substitute has not been made clear. Apparently the president-elect is waiting until he assumes the reins of government before taking a definite position.



PRESIDENT-ELECT ROOSEVELT and Secretary of State Henry L. Stimson have had a conference in which the foreign policies of the United States were discussed. The precise subjects of the conversation were not made public, but it may safely be assumed that these two men, the one in charge of the conduct of foreign affairs in the Hoover administration, and the other about to take over responsibility for the conduct of international relations, discussed several of the larger problems of international policy which must shortly be acted upon. No doubt they discussed international debts, the part to be played by the United States in the arms conference and the economic conference, and the attitude which our country should assume relative to the Japanese war against China. These are all problems of first-rate importance and it is quite natural that the incoming president should wish to inform himself and to arrange for as large a measure of continuity



WANTED—A COMPETENT UNDERSTUDY  
—Darling in N. Y. HERALD-TRIBUNE

of national policy as circumstances will permit.



THE Council of the League of Nations will meet for its seventieth session on January 23. That meeting will not represent, however, all the activity of the League during the month. On January 9, a preparatory committee met to draw up a list of subjects which should be considered by the World Economic Conference. The United States government was represented at this meeting by Prof. John H. Williams, of Harvard, and Edmond E. Day, of Columbia. On January 10 there assembled an international conference for the adoption of a shorter workweek. It was called by the International Labor Office of the League of Nations and was attended by representatives of twenty-seven nations. The preliminary report by the International Labor Office declared that the forty-hour week should be adopted throughout the industrial world. It argued that if the workweek were thus shortened, more people would have jobs and the unemployment problem would be relieved somewhat. It was pointed out that international action on this matter is desirable. It is hard for one nation to raise its labor standards unless others do, for then the nations with low standards would compete with those which have higher standards.



THE United States government was not represented at this conference, but an effort is being made in Congress to bring our country into line with the movement for a shorter workweek. Senator Black, of Alabama, has introduced a bill providing that "No article or commodity shall be shipped, transported, or delivered in interstate or foreign commerce, if it was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States, in which any person was employed or permitted to work more than five days in any week, or more than six hours in any day."

The regulation of conditions of labor is a power which, in the United States, belongs to the states and not to the national government. The only way that the national government can exercise control is through its power to regulate commerce. Senator Black believes that it could prevent a long workweek by regulating interstate commerce in the manner he has outlined. It is a question, however, as to whether the Supreme Court would hold such a law to be a proper means of regulating commerce, or as to whether the justices would consider it an unconstitutional interference with the rights of the states. An act of Congress prohibiting the shipment of goods made by child labor was declared unconstitutional and that was the reason for the effort to have the child labor amendment passed. W. E. M.



WHERE TWO OR THREE ARE GATHERED  
TOGETHER  
—Kirby in N. Y. WORLD-TELEGRAM

## WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

### The Power Trust

It is an open question in the mind of the average American citizen whether there is or is not in the United States a so-called "power trust," or association of the gas, electric and water-power companies amounting to a monopoly so influential as to be able to fix unjustly high prices and to prevent government control or regulation. To settle this question, the Federal Trade Commission, authorized by a Senate resolution of February 15, 1928, held hearings on the question and accumulated, after four years of work, forty-four volumes of testimony from the officials of the public utility companies themselves.

Carl D. Thompson, secretary of the Public Ownership League of America, has now put the voluminous mass of evidence into more practically useful form by summarizing and assembling the facts presented to the commission in a single volume, "Confessions of the Power Trust," (New York: E. P. Dutton & Co., \$5.00).

"So amazing to the ordinary citizen as to be almost unbelievable" are the revelations in this volume as to the true conditions in the public utility corporations of this country. The existence of a parent structure, "nation-wide and even international, compact, thoroughgoing, and powerful," a "hierarchy of super-organization" is unqualifiedly asserted, on the basis of sworn testimony from officials of the various companies involved. Detailed description is given of the network of subsidiary or branch companies all over the country, united by mergers and holding companies under the so-called "power trust," a central union of the three great basic utility companies, the National Electric Light Association, the American Gas Association, and the American Electric Railway Association. Instance after instance is cited of the fixing of exorbitant gas and electricity prices for the retail consumer, and the earning of extravagant profits by the holding companies and their officials. Finally, an analysis is given of an aggressive campaign of propaganda or "education," as it is called, shown to be carried on by the utility interests through business, labor, political and even women's national organizations by press, platform and radio, in order to mold the public opinion of the nation against government ownership.

This book is written by a man who is interested in a cause—the public ownership of public utilities. He is undertaking to prove his case. It should therefore be read guardedly. Even so, it has great value, for many of the facts and conclusions are based upon quoted evidence gathered by the Federal Trade Commission.

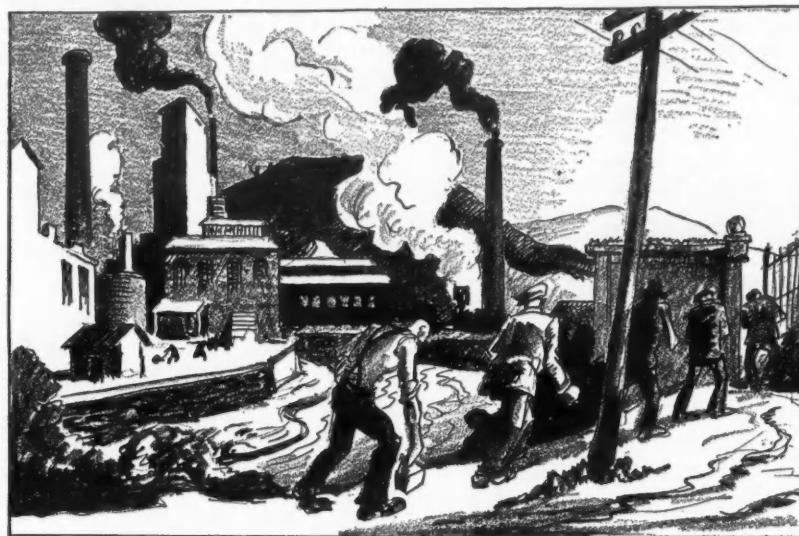
### Thought-Provoking History

"We, the People," by Leo Huberman (New York Harper's, \$3.50), is a very interesting and thought-provoking history of the United States. It is written for students of high school age, but it differs greatly from the sort of thing they frequently read. It does not bestow praise indiscriminately upon all the things that America has done. It is critical of those who have made American history and of those who are making it today. This does not mean that the criticism is necessarily adverse, but it is honest, sincere and sometimes severe. Every chapter bristles with problems. The mistakes of the past, as well as the more fortunate circumstances, are given full consideration. The picture which is painted of the development of the country shows the seamy, as well as the more pleasant aspect.

When the author discusses the making of the Constitution, he points out the fact that there was a conflict of interest between the well-to-do, conservative element and the poorer, debtor classes, and that the conservatives won the day. He then shows how they put their ideas into the Constitution. In a later chapter he is unsparing in his criticism of the motives which led to the Spanish-American War. He shows the interest of the American investors who had property in Cuba, and he shows how the sensational newspapers worked up the war spirit. Later still, in the final chapter he points out the failures as well as the successes of our economic system of capitalism and inquires candidly how well it is working and in what direction we are going.

It is the opinion of this reviewer that Mr. Huberman, in his effort to get away from the unrealistic, conventional style of history writing—in his effort to picture reality, whether it is pleasant or unpleasant—has gone a little too far in the direction of adverse criticism. In his hands the period

of Constitution forming is made a little more simple than it really was. It was not so completely a matter of the propertied classes protecting their own interests, but neither was it the other-worldly, idealistic venture that it is so often painted. We prefer "We, the People" to those conventional histories which are apparently written on the assumption that whatever has been done by American statesmen of the past was good—those histories which raise no problems and no doubts. We do not feel that it gives a complete, or balanced, or poised picture, but we do wish that every student who reads the complacent, nationalistic histo-



FACTORY WORKERS

(An illustration by Thomas H. Benton in "We, the People.")

ries, would read this one, too, in order that he might be assisted in attaining the conception of reality which is the necessary possession of the scholar or the good citizen.

### Heroes of Science

Man's crusading spirit has been the vital impulse of the ages. Since the giants of mythology slew the dread dragons of men's dreams, the world's heroes have been those who gladly fought and died against the enemies of the race. As the jungle terrors of primitive man gave place to wars among men, soldiers and conquerors became men's heroes. But today, the unquenchable crusading spirit of the race has snatched up the challenge flung down by science. The true knights of our modern scientific era are the men who gallantly pit their puny strength against the elements themselves, controlling the winds and lightning, or who freely offer their lives to the fatal menace of disease in hunting the germs and micro-organisms that destroy whole populations of our crowded world.

"Men Against Death," by Paul de Kruif (New York: Harcourt, Brace, \$3.50), is the dramatic story of a brave band of scientists, the pioneers and trailblazers of today, who have risked their lives in hunting down the germs that bring death to thousands. Banting, who discovered insulin, that magically keeps diabetic patients alive, Minot, who found a cure for "incurable" pernicious anemia, Spencer and Parker, who ran down the mysterious Rocky Mountain spotted fever to the field tick that carries it, and many other modern heroes, move through the pages of this rough-and-ready drama of science.

In the chapter on "Death in Milk," an American woman enters the story, Miss Alice C. Evans, for whom the assembled scientists of the world rose in tribute when she related before the Pasteur Institute in Paris her revolutionary discovery that death by Malta fever has come to thousands by drinking unpasteurized cow's milk.

Through years of work at the Hygienic Laboratory of the United States Public Health Service, Miss Evans trailed the Bang bacillus that was making cows sick even in the prize American dairy herds, and discovered it was the same as the Bruce germ from which people were dying of fever in the far-away island of Malta. With Dr. Edward Francis of the Public Health Service, she trailed these twin germs through strange epidemic fevers in Arizona, Iowa, Indiana, Maryland, in almost every state of the Union—fevers that were being diagnosed as typhoid, flu, malaria, or even tuberculosis. At last they showed, beyond a doubt, that men and women all over this country were contracting Malta or "undulant" fever by drinking cow's milk.

### Psychology of 1933

In an article in the *Outlook* in December, 1928, James Truslow Adams, historian—author of "Epic of America" and

"March of Democracy"—predicted an economic crash and added that this "crash would not be a mere business affair" but "a colossal psychological disaster." The accuracy of his prediction is well known to all.

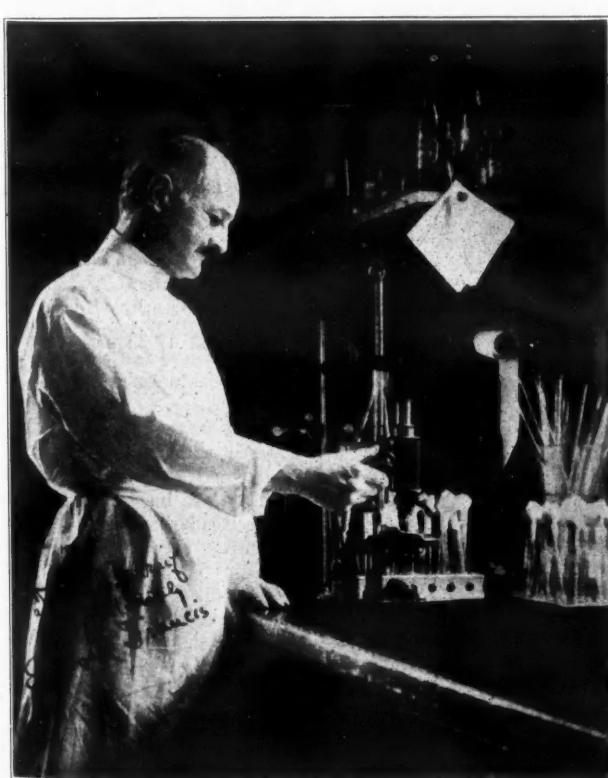
But now he believes it is possible that the tide is turning. Writing in the *New York Times* recently, he said in effect: The psychology of people at any given time plays an important role with relation to business conditions. In times of extreme prosperity, Americans completely lose their balance, causing extravagance and wastefulness in every direction, which renders a crash inevitable. Then when a panic overtakes us we go to the other extreme, hoarding our money and curtailing all purchases except absolute necessities, the result being a tremendous contraction of business. For some time following a crash, people are not in a frame of mind to favor any drastic measures to better conditions because they continue to believe that business will automatically readjust itself. But after several years of poverty and hardships, Mr. Adams thinks, we gain the best balance of mind of any period, and we are then ready to cope with the realities and to adopt constructive proposals looking toward recovery. He believes that we have come to that stage now.

### "Ill Wind"

Although he has written but two novels, James Hilton, an English writer whose first novel was published in this country last spring, has won a reputation for delicacy of feeling, terseness of style, deftness of construction and subtlety of interpretation. His new book "Ill Wind" (New York: William Morrow & Co. \$2.50), is more a series of nine short stories than a novel in the strict sense of the word. Mr. Hilton takes episodes in the lives of nine different people, located in every corner of the globe, and unites their fates by a rather ingenious device. The thread which links these individuals together is an "ill wind" on a tropical island which blows off a man's hat. A murder follows; violent manifestations of hatred between the natives of the island and the British planters are seen; a man's career is ruined; the first story in the series has begun.

The second episode, which by and large is the most interesting, finds us in Switzerland with a group of British tourists. Florence Faulkner, the person with whom we are concerned in this chapter, is the guide. The "ill wind" of the first part does not bring tragedy to Miss Faulkner. Rather it affords her a period of emotional flurries hitherto unexperienced. We leave Switzerland and Miss Faulkner to go to London and follow a short period in the life of one, Stuart Brown. From one to the other we go until we have had glimpses of the nine.

Mr. Hilton has perhaps strained a point by using such a flimsy thread to bring his characters together into a single story. However, his idea is original and his actors ring true.



DR. EDWARD FRANCIS OF THE PUBLIC HEALTH SERVICE

One of the soldiers of science, who toil incessantly at the risk of their lives to learn the secrets of contagious diseases. (Illustration in "Men Against Death" by Paul de Kruif.)

# SOCIAL SCIENCE BACKGROUNDS

By David S. Muzzey and Walter E. Myer

**The Panic of 1837**

THE specific significance of Martin Van Buren's administration to the student interested in a perspective view of events is that it was characterized by one of the major depressions in our history. In many respects, that administration was similar to the one now about to retire. The country, under Jackson, had

passed through a period of unusual prosperity which, as a matter of fact, was the result of wild speculation rather than sound economic development. Prices rose like bubbles in the air; real estate soared to such an extent that waste lands sold at fantastic figures; everywhere the people were caught in the vortex of gambling. The psychology of the masses was one of unwarranted optimism just as it was in the spring of 1929 when the present administration took office. At the occasion of his inauguration in 1837, Van Buren saw nothing but a continuation of prosperity just as our political leaders four years ago proclaimed in loud voices that we were entering a new and golden era in which poverty would soon be wiped from the face of the land.

But in 1837 as in 1929, storm clouds were seen on the horizon by keen observers. The orgy of speculation which in the present case had hoisted stock prices to unprecedented levels and in the last century had boosted real estate prices far above true values was certain to end disastrously. The piper had to be paid. The unnatural state of affairs in both booms had to be adjusted and the entire nation, then as now, was plunged into a violent depression. By coincidence, the government in both cases had to bear the brunt. During the depression of 1837, the Van Buren administration and its predecessor were blamed for the hard times like the Hoover and Coolidge administrations have had all sorts of criticisms hurled at them for bringing on the present crisis. How familiar to our ears are words such as those spoken by Daniel Webster in 1837, during the midst of the storm:

It is in vain, therefore, to say that the present state of affairs is owing, not to the acts of the government, but to other causes over which the government had no control. Much of it is owing to the course of the national government, and what is not so, to causes the operation of which government was bound, in duty, to use all legal powers to control. . . . No doubt we shall hear every cause but the true ones assigned for the present distress. It will be laid to the bank, it will be laid to the merchants, it will be laid to the manufacturers, it will be laid to the tariff, it will be laid to the north star or to the malign influence of the last comet whose tail swept near or across the orbit of our earth, before we shall be allowed to ascribe it to its just, main causes—a tampering with the currency, and an attempt to stretch executive power over a subject not constitutionally within its reach.

Particularly significant and interesting is a study of the panic of 1837 at the present time.

**Compared with Present Crisis**

Now, almost four years since the forces of this depression broke loose, we are prone to an exaggerated pessimism; to believe that this is the worst crisis in our history; to be swept off our feet by the moutings of those who declare that the foundations of society are crumbling; and to

feel that our present economic system is doomed to a catastrophic and certain smash-up. These things may, most of them, come to pass, but they are things which the future alone can determine. It becomes helpful, therefore, during the spirit of defeat now so rampant, to remember that we have had severe crises in the past and that the depression of 1837 was one of the most severe. James Truslow Adams paints a striking picture of conditions prevailing during that period in his "Epic of America":

In May, 1837, the banks suspended specie payment by general consent and the panic was on. All the Western and Southern and some of the Northeastern States had involved themselves in huge bond issues for improvements with no regard to their economic value, and the crash included public as well as private credit. Values melted. In North Carolina, farms could be sold for only 2 per cent of their supposed worth. In Mississippi, slaves who had recently been purchased for twelve to fifteen hundred dollars each were offered for two hundred dollars cash. It was said that in Alabama practically the entire property in the State changed hands, and that 50 per cent of all in the United States did so. Feeling against the banks, which would have been extremely virulent in any case, was rendered more so by a staggering list of defalcations by officers, which grew day by day. New York was like a dead city. Boats lay idle at the docks and all building operations ceased. It took two years for the full effects to be felt in the West, and five before the nation began to recover. The rich saw fortunes swept away and the poor faced absolute destitution. In New York, six thousand men working on buildings were discharged. Within five months from the suspension of payments, nine-tenths of all the factories in the Eastern States had closed, and fifty thousand employees in the shoe trade in Massachusetts were idle. From a half to two-thirds of the clerks and salesmen in Philadelphia were without work. At New Bedford forty whale ships were laid up. Throughout the entire industrial sections of the country, the suffering of the working class was intense. In the South, plantation owners had to sell slaves for whatever they would bring to buy food to feed the rest. Owners of land, whether speculators or bona-fide farmers, were overwhelmed with the debt which it was impossible to pay, and were lucky to keep a roof over them. The debauch was over and the nation lay prone.

It is apparent from the foregoing description that Americans living in 1837 must have entertained serious misgivings

as to the future of civilization. In many ways, conditions confronting them at that time were more adverse than those through which we are now passing. Although there were more than two thousand bank failures in 1931, nowhere in the country have our banking institutions discontinued specie payments, or refused to redeem paper money in gold. Nor do we find in circulation all sorts of depreciated currency such as the "shinplasters" and certificates issued by private companies. The government's credit, despite a deficit of several billion dollars, is unimpaired.

Aside from these differences, and others which we shall consider later, the depression of 1837 bears many resemblances to the present one. Both followed a feverish period of speculation. In both instances, the federal treasury had piled up surpluses before the collapse. In the former case, the surplus was distributed to the states; in our present time, taxes were reduced. It is claimed by some students of government finance that both policies were imprudent and tended to aggravate the depression. Had the government, in 1836, kept a reserve in the treasury instead of distributing the surplus to the states and had it, during the 1920's, maintained taxes at a higher level, it would have been able to do more to relieve distress and suffering.

The farm situation in the earlier period under consideration differed from the present. Then, there was an actual food shortage in many cities. Almost all the 1836 wheat crop had been destroyed by the Hessian fly. As a result, the price of flour soared. In the early part of the next year, it was so high that workers, although employed full time, earned scarcely enough to buy daily bread. Food riots were frequent. "Bread, Meat, Rent, Fuel! Their prices must come down! The voice of the people shall be heard, and must prevail!" became the battle cry of New York's hungry. At present, there is no wheat shortage. Rather, one of the important causes of our ills is the low price of wheat, and all other farm products,

making it almost impossible for the farmer to eke out an existence.

In both crises, the foreign nations have affected conditions here. Perhaps their influence is greater today than a hundred years ago because modern inventions, improved communication and transportation facilities have knitted the various sections of the world more closely together. Nevertheless, conditions in England played no small part in the panic of 1837. In March of that year, a crash in that country caused the price of cotton to decline from twenty cents to ten cents a pound. Many of the cotton producers of the South were thrust into bankruptcy. Not only did this affect those directly engaged in the cotton business but it placed an unusually heavy burden upon American banks. The gold previously flowing into this country in payment for exports was stopped and, as a matter of fact, the flow was reversed because English creditors began pressing for payment of their debts. The banks thus became hard put to it to supply the necessary gold. Additional supplies of money had to be obtained to pay for the heavy importations of wheat from abroad.

As the depression continued, it became increasingly difficult to carry on foreign trade. Europeans were no longer willing to grant credit to American importers. The situation has now been reversed. Instead of being a debtor nation, as we were then, our people owing more abroad than they were owed, the United States has become a creditor nation. In the present depression, our foreign trade has dried up chiefly because European nations have been unable to buy goods from us and pay their debts to us at the same time unless new loans were made to them. And the new loans have not been forthcoming.

Points of Difference

In the present emergency, the government has taken a more active part in trying to stave off disaster. Such things as the Reconstruction Finance Corporation, the Home Loan Discount Banks, measures designed to boost, by artificial means, the price of agricultural products did not figure in the 1837 depression.

Many of the fundamental economic conditions have altered so very drastically since the panic of 1837 as to make this depression different from that, or any other, the country has known. We have already referred to the farm situation, largely the result of the World War when production was geared up to unusually high levels. In addition, the frontier has vanished. No longer is it possible for an unemployed industrial population to migrate to the western lands. Unemployment resulting from the use of high-powered machinery both in industry and agriculture was unheard of one hundred years ago.

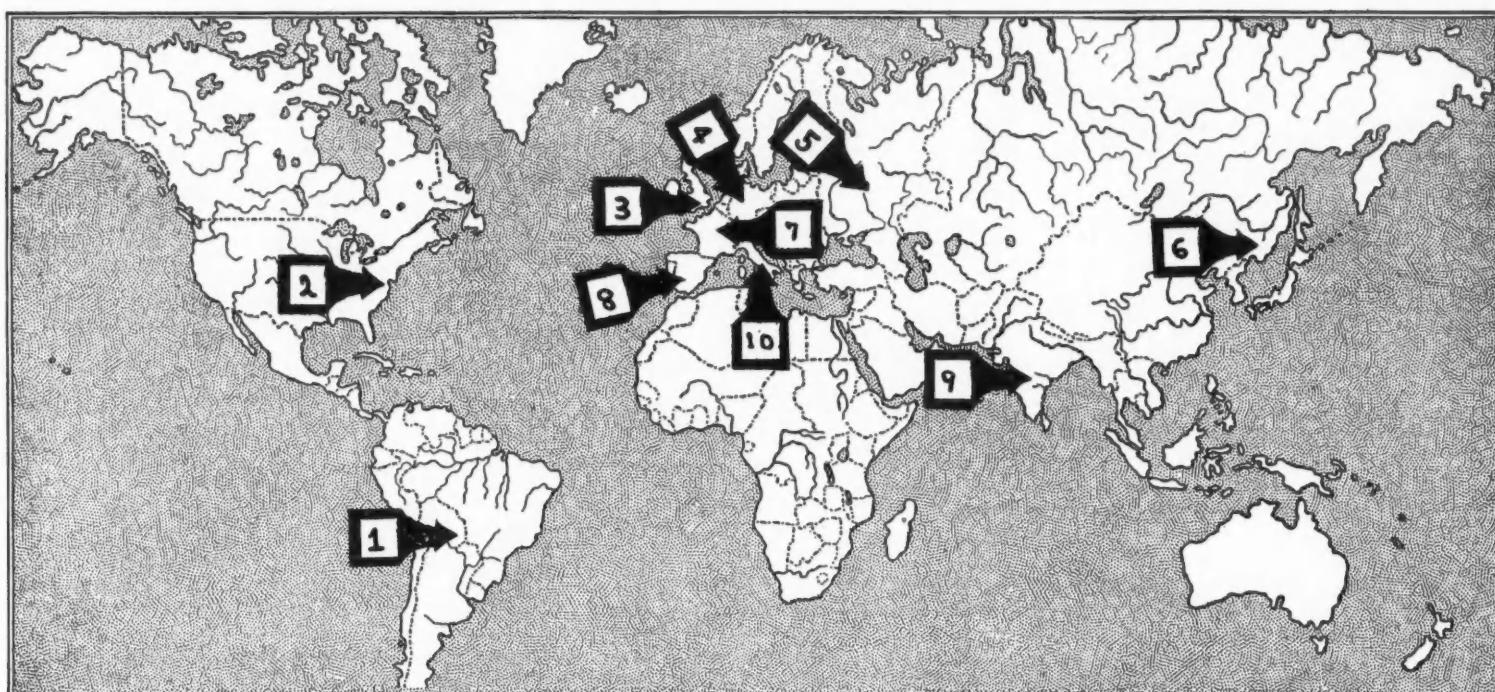
The similarities and the dissimilarities between this depression and the panic of 1837 will be carefully studied and weighed by the real student of history before he makes any judgments as to the future of civilization. It may be that the factors present in this crisis are such that we are on the brink of disaster. But a study of the facts of history reveals that we have weathered severe crises which, viewed from their immediate surroundings, must have appeared hopeless.



Courtesy New York Historical Society  
BROADWAY, 1837  
How New York looked in the days when a ruinous panic brought disaster to the nation.

## THE SEMESTER TEST

This test covers issues of THE AMERICAN OBSERVER from September 21 to January 11, inclusive.



In the first ten questions, the problem is to name the countries indicated by arrows on the above map and then to attach the proper subject to each country. The countries are listed below. In the opposite column is a list of subjects which have been discussed in connection with those countries. On your answer sheet write first the number of the country on the map, then its name, and lastly the letter opposite the subject which has been associated with it. For example, if arrow number one is pointing at Spain and a demand for arms equality has been discussed in connection with Spain, your first answer would be "1—Spain—A."

Spain	(H) presidential election.
India	(A) demand for arms equality.
Bolivia	(F) a "fast unto death" on behalf of "Untouchables."
United States	(Q) an example of a planned, communistic society.
Great Britain	(I) a premier's downfall because of the war debt issue.
Italy	(L) a boundary dispute.
Russia	(B) economic and social changes in a new republic.
Germany	(O) demonstration against the "Means Test."
Manchuria	(J) tenth anniversary of Fascism.
France	(M) the establishment of an "independent" state.



11



12



13



14



15



16



17



18

The problem of the following eight questions is to name the pictures of the men shown above and attach the proper description to each. The names of the men are listed below. In the opposite column is a list of descriptions. On your answer sheet write first the number of the picture, then the name of the man, and lastly the letter opposite the description which fits. For example, if the first picture is of Green, and if Green is leader of the Socialist party in the United States, your first answer would be "11—Green—S."

Matsuoka	(S) leader of the Socialist party in the United States.
Schleicher	(W) a dictator.
Green	(R) Japanese delegate to the League of Nations.
Salter	(Z) American labor leader.
Thomas	(V) American representative in disarmament negotiations.
de Valera	(T) chancellor of Germany.
Stalin	(U) head of the Irish Free State.
Davis	(Y) eminent British economist.

In the case of each of the following twelve questions, make up your mind which phrase, if used to complete the sentence, would make it a true statement of fact; then write on your answer sheet the number preceding that phrase. For instance, in question 19, if the true statement is: "The Committee on the Costs of Medical Care recommends that doctors should lower their fees," the answer to the question is (1).

19. The Committee on the Costs of Medical Care recommends that (1) doctors should lower their fees (2) hospitals should be supported by private charity (3) community medical centers should be established (4) medical standards should be raised.

20. In contrast to the position of the United States, European debtors contend that the question of war debts is linked up with the question of (1) armaments (2) treaty revision (3) European union (4) reparations.

21. An amendment to the Constitution is now before the states for ratification which provides for the (1) repeal of the eighteenth amendment (2) reform of the electoral system (3) six-hour day and five-day week (4) abolition of "lame duck" Congresses.

22. The French disarmament plan calls for the strengthening of the Paris Pact by an agreement on the part of the signers to (1) never go to war under any circumstances (2) consult in case of violation of the Pact and to boycott an aggressor nation (3) join the League of Nations, if not already members (4) settle all disputes in the World Court.

23. The government of Russia cannot be called democratic because it is controlled by (1) the nobility (2) the peasants (3) members of the Communist party (4) socialists.

24. With respect to the new state of Manchukuo, the Lytton Report recommends that (1) the status existing before the Japanese invasion should be restored (2) a new self-ruling government should be established, with China to have control of such matters as foreign relations (3) the present government of Manchukuo should be recognized by the other nations (4) the League of Nations should be given a mandate over the territory.

25. Spain has settled her minorities problem by (1) making Catalonia an autonomous region within the Spanish state (2) making Spanish the official language throughout the state (3) granting independence to the province of Catalonia (4) depriving minority groups of the right to participate in the government.

26. The economic measures favored by the Socialist party in the United States include (1) government ownership of major industries (2) high tariffs (3) abolition of private property (4) reduction of income and inheritance taxes.

27. The Fascist government of Italy may be criticized because (1) it is inefficient (2) it denies freedom of speech and press (3) it has failed to settle the quarrel between the pope and the state (4) it serves the interests of the upper classes at the expense of the uneducated masses.

28. The Assembly of the League of Nations was called in special session last month to consider (1) armaments (2) the Gran Chaco dispute (3) war debts and reparations (4) the Lytton Report.

29. In general, the manufacturers in the United States favor high tariffs because they wish to (1) promote international trade (2) increase imports (3) protect their goods from foreign competition (4) export most of their products.

30. The measure granting independence to the Philippines provides for (1) free trade between the United States and the Philippines (2) unlimited immigration of Filipinos into the United States (3) an opportunity for the Filipinos to vote on the question as to whether they want independence (4) a ten-year trial period of self-rule before the United States withdraws its control.

## Japan and China Clash Again in Region Beyond Great Wall

(Concluded from page 1)

tion in the Orient that a new clash between Japan and China was inevitable and that the hostilities would break out just where they did—at the portal between Manchuria and North China. Ever since the state of Manchukuo was set up as an "independent" nation last March, the Japanese have been determined that the province of Jehol should become a part of the new state. This Chinese province, also called Eastern Inner Mongolia, was formerly a part of Manchuria. Hence, Japan claims, it should also be a part of Manchukuo. All other Manchurian provinces have been placed under the Manchukuoan banner. But the inhabitants of Jehol have resisted. At times they have shown a willingness to give allegiance to the government at Changchun, capital of Manchukuo. But more often, they have supported Marshal Chang, principal actor in the recent conflict. Thus the Japanese have felt all along that Jehol must be subjugated in order to make their task complete. Without this, the Japanese believe, perpetual disputes between them and the Chinese will be certain.

The Japanese drive in Jehol is another manifestation of their entire Manchurian policy. They have insisted throughout the conflict that their interests in Manchuria, including Jehol, must be protected and that they must at all times be assured of free access to that country. To them, their very security as a nation depends upon it. As France insists upon sufficient military forces to insure her borders against invasion from hostile neighbors, so Japan insists upon security through an open and accessible Manchuria. To both countries it is said to be a matter of life and death.

### Economic Interests

Japan's security involves economic rather than military considerations. The economic well-being of her people is closely linked to Manchuria. She has invested about three-quarters of a billion dollars in the railroads, mines and industries of the country. She must get much of the coal and iron necessary to operate her industries from mines in that region. The raw materials and foodstuffs upon which her economic security depends come from there. From the Japanese viewpoint, then, the events of this month at Shantung, as well as all those in her conflict with China, have been motivated by her desire for security.

Having routed the Chinese from Shantung, it appears that Japan's next step on the Asiatic mainland will be an attempt to gain complete control of the province of Jehol. It may be that the drive into the

interior will not be pushed forward until spring. But it seems that Japan will sooner or later seek to establish Jehol as a Manchukuoan province. As to her course beyond that, observers are divided. Some students of Far Eastern affairs are convinced that from Shantung Japan will continue her drive south of the Great Wall and try to take such cities as Peiping, the former capital of China, and Tientsin. Others feel that no definite solution of the Manchurian question is possible without a struggle in the region north of China proper and directly west of Manchuria—the region known as Mongolia.

The question of Japan's relations to Mongolia, or more particularly to the Mongol people, has already played an important part in the establishment of Manchukuo. Within the territory of Manchukuo, a separate Mongolian province, under the control of a Mongol governor, has been set up. It is a narrow area extending from the middle of the Manchukuo-Jehol boundary to the northern end of Manchukuo (see map) and is called Hsingan.

### The Mongols

Should Jehol become an integral part of Manchukuo, the question of the Mongols would again arise for within this province there are about 500,000 Mongols. This section was formerly made up almost entirely of Mongols, but with the passing of time the Chinese have penetrated it, colonized the province and absorbed a large part of the Mongol race. There remain, however, large groups of these ancient people who retain their nationality and language.

In addition to the Mongols of Jehol and Hsingan, there are two other regions in Asia where this people is likely to play an important part in the future of Manchuria—Inner Mongolia and Outer Mongolia. Each of these sections contains roughly one million Mongols. Control of the two Mongolias has been disputed between the Chinese and Russians for years. At present, Outer Mongolia is closely allied to Soviet Russia and the government, although in the hands of Mongols, has been modeled along Soviet lines. The people there have no sympathy with the Chinese for they recall vividly the brutality with which the Chinese tried to subjugate them and incor-



© Lionel Green

THE GREAT WALL OF CHINA  
This ancient fortification is no longer a protection to China as Japanese troops easily advance beyond it in their renewed campaign in China.

porate them into the Chinese Republic in 1919.

The situation in Inner Mongolia—excluding Jehol—is different. While this section has been colonized to a great extent by the Chinese, there are large districts inhabited by Mongols. These Mongols are nominally under Chinese control but as a matter of fact enjoy a great deal of freedom under their native princes, a situation which might be compared to the parts of India which are ruled by native princes.

### Desire for Union

The interesting thing about all these Mongols who have retained their nationality is that they hope one day to become an independent nation. The fact that about a million and a half of them have received a degree of autonomy under the Manchukuoan government has spurred them on. Many of them feel that the building up of a united Mongol nation might be made possible by casting their lot with the new state. There is a psychological factor involved. The present chief executive of Manchukuo, Henry Pu Yi, was the last of the Manchu emperors who ruled China from 1644 to 1911. During this entire period, the Mongols had more sympathy for the Manchus than for the Chinese. When the Manchus first swept down upon China in the seventeenth century, they formed an alliance with the Mongols. The relationship became one of equality. The Manchus did not seek to conquer them as the Chinese did. They feel that for three centuries they owed allegiance not to China or the Chinese but to the Manchu emperors.

When the Manchus were overthrown in 1911, the Mongols declared their loyalty to the emperors and did not support the republic. Now, with the same Manchu emperor who was dethroned at that time at the head of the Manchukuoan government, many Mongols believe that their opportunity for greater independence has come.

Whether the present conflict in the Far East will result in the emergence of the Mongols as a united nation only the future can tell. Much

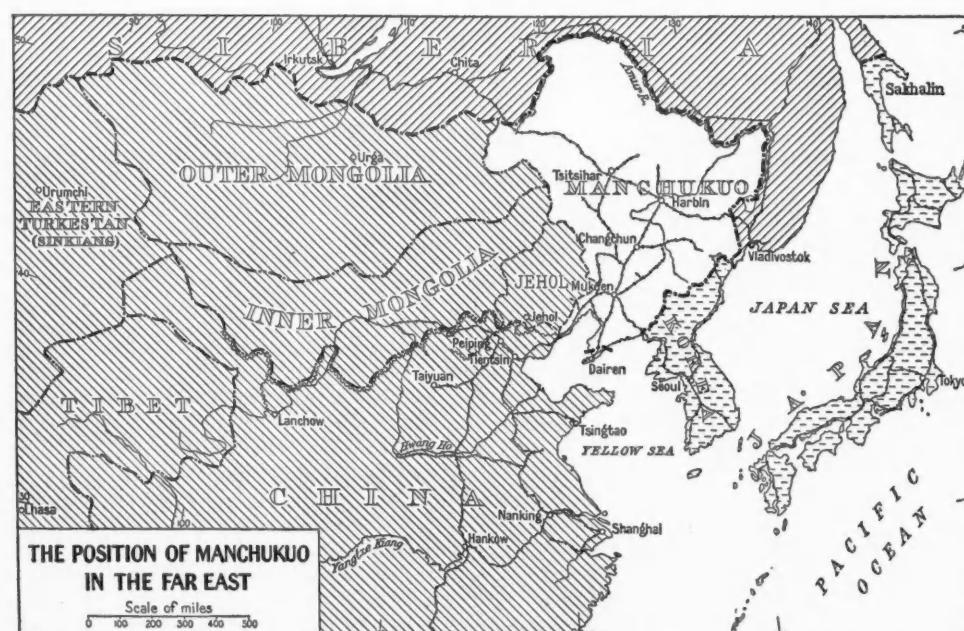
will depend upon the course of events in the Mongol province now existing in Manchuria. Much will depend upon the few million people themselves who make up this vast hinterland and about which little is known to the western world except that therein lies the Gobi desert. Certain it is that Soviet Russia will seek to keep Outer Mongolia in its present status—a buffer state between herself and China.

### International Aspects

So much for the Mongols, the race which in the thirteenth century dominated the entire world from the south of China to the western boundary of Russia. Let us now turn our attention to some of the immediate aspects of the most recent Sino-Japanese conflict. China, it appears, is more determined than ever to thwart the Japanese efforts to gain a strong foothold inside the Great Wall. Marshal Chang has refused to treat the Shantung battle as a local incident to be settled by him and the Japanese commanders. Rather, he has insisted that the central government in Shanghai must treat with the Japanese. This time, unlike a year ago, the Chinese appear to be less confident in the ability of the League of Nations to settle the dispute.

There is also the possibility that Soviet Russia may become involved unless the Shantung incident is settled satisfactorily. Only a short time ago China and Russia resumed diplomatic relations which had been broken in 1927. It is felt that this step was taken in order to increase the power of China. Russia's interests in Manchuria are very great. She might feel it necessary to come to the aid of China.

On the part of the other nations, there appears to be an attitude of defeatism. The French have declared that further action by the League of Nations to curb Japan would be fruitless and only result in a loss of prestige. The United States stands firm on the position that it took during the heat of the combat last year. That position has been stated several times by Secretary of State Stimson and is briefly that this country will not recognize any agreement between the two countries resulting from a violation of international treaties. We have refused to recognize the legality of Manchukuo, holding that it has been brought into being through the violation of the nine-power treaty and the Kellogg-Briand pact. Aside from the dispatching of notes and the rallying of world public opinion against Japan, neither the United States nor the League has taken any action to force Japan to give up Manchukuo or cease her activities elsewhere in China.



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